



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT

Fax: (360) 664-2782

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Administrative Assistant
(360) 725-7002
WendyG@OIC.WA.GOV.

In the Matter of the Acquisition
of **SAFECO LIFE INSURANCE,**
COMPANY and **SAFECO NATIONAL**
LIFE INSURANCE COMPANY by
OCCUM ACQUISITION CORP.,
WHITE MOUNTAINS INSURANCE
GROUP, LTD. and **WHITE MOUNTAINS**
RE GROUP, LTD.

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) NO. G 2004-66
) **NOTICE OF HEARING**
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TO: Robert L. Seelig, Vice President & General Counsel
White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, New Hampshire 03755-2053

Melvin N. Sorensen, Esq.
Carney Badley Spellman P.S.
700 5TH Avenue, Suite 5800
Seattle, WA 98104-5017

James Ruddy, General Counsel
Safeco Corporation
Safeco Plaza
Seattle, WA 98185

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Div.
James E. Tompkins, Assistant Deputy Commissioner, Company Supervision Div.
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



AND TO: Christina Beusch, Assistant Attorney General
Office of the Attorney General
PO Box 40100
Olympia, WA 98504-0100

Safeco Life Insurance Company (Safeco Life) and Safeco National Life Insurance Company (Safeco National Life) are domestic Washington stock insurers. Safeco Life holds Washington Certificate of Authority No. 66 and Safeco National Life holds Washington Certificate of Authority No. 1224. Safeco National Life is a wholly owned subsidiary of Safeco Life and Safeco Life is a wholly owned subsidiary of Safeco Corporation.

Occum Acquisition Corp., a Delaware Company, is a holding company that has been formed for the purpose of effecting the purchase of Safeco Life and Safeco National Life. Occum is owned by an investor group led by White Mountains Insurance Group, Ltd., a Bermuda company, (White Mountains) and Berkshire Hathaway Inc., a Delaware company. White Mountains intends to hold its investment in Occum through White Mountains Re Group, Ltd., a Bermuda company and a wholly owned subsidiary of White Mountains.

Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White Mountains Re Group, Ltd. have filed an application with the Insurance Commissioner for approval of its proposed acquisition of all of the issued and outstanding shares of Safeco Life's capital stock. Said purchase will result in the acquisition of Safeco Life Insurance Company and Safeco National Life Insurance Company and a change of control of Safeco Life and Safeco National Life.

Pursuant to RCW 48.31B.015(1) and (2), Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White Mountains Re Group, Ltd. have filed a preacquisition notification with the Insurance Commissioner (Form "A" Statement Regarding the Acquisition of Control of a Domestic Insurer), which shall be entered as evidence herein, which 1) includes substantial information and agreements concerning this proposed acquisition as required by RCW 48.31B.015(2) and in accordance with RCW 48.31B.020(3)(a); and which 2) includes information and agreements relative to the issues which must be the subject of findings pursuant to RCW 48.31B.015(4).

Pursuant to RCW 48.31B.015(4), the Insurance Commissioner shall approve an acquisition of a domestic insurer unless, after a public hearing thereon, it is found: 1) that after the change of control, the domestic insurer would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed; 2) that the effect of the acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein; 3) that the financial condition of an acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders; 4) that the plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of

the insurer and not in the public interest; 5) that the competence, experience, and integrity of

those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the acquisition or control; or 6) that the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

YOU ARE HERBY NOTIFIED that a hearing will be held commencing at 1:00 p.m. Pacific Standard Time on Monday, July 19, 2004, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the acquisition of Safeco Life and Safeco National Life by Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White Mountains Re Group, Ltd.

The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.31B.015, and shall have as its purpose consideration of the above identified criteria and entry of a final decision regarding approval of this proposed acquisition.

The Insurance Commissioner has not taken, and will not take, any position on this matter prior to entry of the Findings of Facts, Conclusions of Law and Final Order to be entered after hearing.

YOU ARE FURTHER NOTIFIED that all interested individuals and entities may submit comments on, or objections to, this proposed acquisition. Said comments or objections, which will be included in the hearing record and will be considered by the undersigned prior to her making her final decision, must be submitted by 12:00 noon Pacific Standard Time on Monday, July 19, 2004, by fax, U.S. Mail, personal delivery, or email. The fax number of the undersigned is (360) 664-2782, her mailing address is PO Box 40255, Olympia, WA 98504-0255, her delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501, and her email address is PatricaP@oic.wa.gov. Further, pursuant to RCW 48.31B.015(4)(b), any person whose significant interest is determined by the undersigned to be affected may present evidence, examine and cross-examine witnesses, and offer oral and written arguments, and in connection therewith may conduct discovery proceedings as authorized by Title 34 RCW.

Finally, all parties may participate in the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved, as required by the Administrative Procedure Act. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. A party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

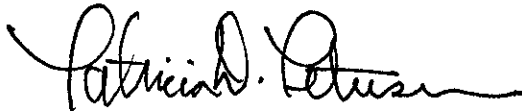
The Insurance Commissioner will be represented by Christina Beusch, Assistant Attorney General. She can be reached at (360) 664-3801. Occum and White Mountains will be represented by Melvin N. Sorensen, Esq. He can be reached at (206) 622-8020. Safeco Corporation will be represented by James Ruddy, General Counsel of Safeco Corporation. He can be reached at (206) 545-5667.

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Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues here, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Wendy Galloway, Administrative Assistant to the undersigned, who may be reached at the telephone, e-mail and fax number specified above.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Hearing Officer of your need for an interpreter.

ENTERED at Olympia, Washington, this 12th day of July, 2004, pursuant to Title 48 RCW and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.



PATRICIA D. PETERSEN
Presiding Officer
Chief Hearing Officer